

Message Text

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ACTION AID-59

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 1623

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FOR AID/ WASHINGTON

E. O. 11652: GDS

TAGS: EAID, UNDP

SUBJECT: UNDP COUNTRY PROGRAMMING

REF: STATE 41152

1. SUMMARY: EMBASSY BELIEVES UNDP COUNTRY PROGRAM FOR IRAN IS IN LINE WITH IRANIAN NATIONAL DEVELOPMENT PRIORITIES AND WITH OBJECTIVE ANALYSIS AND PRIORITIES. CLOSE CONSULTATION WITH OTHER DONORS HAS VIRTUALLY ELIMINATED OVERLAPPING. RES REP HAS BEEN EFFECTIVE AND ACTIVE LEADER IN PROGRAMMING PROCESS. UNIQUELY HIGH LEVEL OF GOI COST SHARING IN PROGRAMMING IS APPROPRIATE AND NECESSARY BUT MUST BE CAREFULLY HANDLED TO PRESERVE BASIC JUSTIFICATION UN AID TO IRAN. END SUMMARY.

2. COUNTRY PROGRAM FOR IRAN HAS BEEN COMPLETED AND NOW AWAITS FINAL CLEARANCE AND RELEASE BY GOI WHICH EXPECTED BEFORE END APRIL. EMBASSY WILL PROVIDE REQUESTED TWO COPIES ASAP. USUN MAY ALSO BE ABLE OBTAIN INFORMALLY ONE OF COPIES ALREADY WITH UNDP/ NEW YORK FOR TRANSLATION FROM ENGLISH INTO OTHER OFFICIAL LANGUAGES. UNDP RES REP HAS CONVENED REPS BI- LATERAL DONORS THREE TIMES LAST ELEVENT MONTHS TO DESCRIBE PROGRAM AND EMBOFF WENT THROUGH COPY OF PROGRAM IN DETAIL WITH DEPUTY RES REP DIRECTLY RESPONSIBLE FOR PRO- LIMITED OFFICIAL USE

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GRAM IN LENGTHY RECENT INTERVIEW. FOLLOWING EMBASSY COMMENT BASED ON THESE MEETINGS AS WELL AS OTHERS WITH OFFICIALS RELEVANT DEPARTMENTS GOI.

3. PROGRAM WAS ENTIRELY WRITTEN BY STAFF OF RES REP'S OFFICE HERE AND REVIEWED AND APPROVED BY GOI PLAN ORGANIZATION. PROGRAM WRITTEN

TO FOLLOW GENERAL OUTLINE AND PRIORITIES OF FORTHCOMING GOI FIFTH FIVE YEAR PLAN WHICH BEGINS MARCH 1973. PROGRAM PERIOD IS 1973 - 1977

DEVELOPING PROGRAM WITHIN PLAN DID NOT RESTRICT UNDP FLEXIBILITY AND ROOM FOR MANEUVER BECAUSE IRANIAN PLAN IN CONCEPTUALLY HIGHLY SOPHIS-

TICATED DOCUMENT WHICH GIVES AT LEAST LIP SERVICE TO EVERY ASPECT OF DEVELOPMENT WITH ANY CONCEIVABLE IMPORTANCE.

4. COUNTRY PROGRAM EMPHASIZES AGRICULTURE, EDUCATION, AND VOCATIONAL TRAINING, PRIORITIES WHICH ACCORD BOTH WITH FIFTH PLAN AND WITH EMBASSY'S OWN VIEWS. EMBASSY HAS FOUND NO SIGNIFICANT OMISSIONS IN COUNTRY PROGRAM PRIORITIES.

5. SINCE BEGINNING OF PROGRAM PREPARATION IN APRIL 1972, RES REP HAS HELD THREE MEETINGS OF BILATERAL DONORS IN WHICH STATUS AND AIMS OF PROGRAM DESCRIBED IN DETAIL. IN ADDITION, REPS OF DONORS HAVE MET INDIVIDUALLY WITH RES REP FREQUENTLY. THIS CLOSE CONSULTATION, TOGETHER WITH VERY MODEST SIZE MOST FOREIGN AID PROGRAMS HERE, HAVE VIRTUALLY ELIMINATED ANY POSSIBILITY OF DUPLICATION. FURTHERMORE, RES REP MORE THAN TWO YEARS AGO BROUGHT LAST RECALCI-

TRANT UN AGENCY (FAO) UNDER HIS CONTROL AND HE IS NOW EITHER HIMSELF REPRESENTATIVE IN IRAN FOR, OR MAINTAINS CLOSE CONTROL OVER IRANIAN ACTIVITIES OF, EVERY UN AGENCY OPERATING HERE. RES REP ALSO ENJOYS CLOSE AND EFFECTIVE RELATIONS WITH VERY FEW NON-UN MULTILATERALS HERE (MOST IMPORTANT ARE RED CROSS AND RCD).

6. DESPITE PLAN ORGANIZATION (P.O.) PREOCCUPATION WITH NEW PLAN AND IN FACE OF RECENT SHARP REDUCTION PLAN ORGANIZATION RESOURCES AND JURISDICTION. RES REP HAS HAD GOOD COOPERATION AND RESPONSIVENESS FROM SPECIAL PLAN ORGANIZATION OFFICE EMPOWERED DEAL WITH HIM AND OTHER AID DONORS. BECAUSE OF SHRINKAGE OF P.O. POWERS, HOWEVER, RES REP HAS HAD TO DEAL WITH INDIVIDUAL MINISTRIES AS WELL. THESE DIRECT RELATIONS PRODUCED FLOOD OF PROJECTS WHICH RES REP HAD TO REDUCE BY MORE THAN TWO-THIRDS TO FIT COUNTRY PROGRAM. P.O. OFFICE WAS HELPFUL AND EFFECTIVE IN WINNOWING PROCESS. GREATEST DIFFICULTY FOR RES REP WAS IN CUTTING OFF CONTINUING PROJECT IN FAVOR OF NEW

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STARTS. RES REP ADMITS PRIVATELY THAT, ALTHOUGH PO HELPED AS MUCH AS IT COULD, IN MANY CASES HE HAD TO BARGAIN WITH MINISTRIES OVER CONTINUING PROJECTS. UNDER THESE CIRCUMSTANCES, EMBASSY BELIEVES RES REP DID WELL IN ELIMINATING A GOOD NUMBER OF WEAK CONTINUING PROJECTS.

7. UNIQUE FEATURE OF IRAN COUNTRY PROGRAM IS COST SHARING BY GOI OF ABOUT 60 PCT OF UNDP' S TOTAL CONTRIBUTION TO PROGRAM WITH LIMIT OF 80 PC OF TOTAL VALUE ANY ONE PROJECT. THUS, UNDP HAS ALLOTTED \$20 MILLION TOTAL TO PROGRAM OVER 5 YEARS -73 -1977 TO WHICH GOI WILL ADD \$12 MILLION FOR A TOTAL FOREIGN EXCHANGE VALUE FOR PROGRAM OF \$32 MILLION. IN ADDITION, GOI WILL MAKE STANDARD PAYMENT IN DOLLARS OF 13 PCT OF COST SHARING FOR UN AGENCY OVERHEADS (\$1.56 MILLION), AND HAS ALSO ESTABLISHED A FUND- IN- TRUST OF \$1.53 MILLION FOR EQUIPMENT FOR PROJECTS WHICH IT DOES NOT WISH TO PROVIDE IN KIND. GOI WILL ALSO MAKE OTHER STANDARD PAYMENTS IN RIALS INCLUDING AN AMOUNT EQUAL TO \$2.50 MILLION TO SUPPORT THE UNDP OFFICE HERE.

8. EMBASSY HAS WATCHED FORMATION OF COUNTRY PROGRAM WITH PARTICULAR AND CLOSE INTEREST BECAUSE WE BELIEVE IRAN IS EARLY EXAMPLE OF THIRD WORLD PHENOMENON SOON TO BE MORE GENERAL. VERY RICH DEVELOPING COUNTRY WITH LARGE FOREIGN EXCHANGE INCOME WHOSE NEEDS ARE NONETHE- LESS SO GREAT AS TO REQUIRE THE EFFECTIVE US OF ALL THE NATION' S RESOURCES. IT CLEARLY IS APPROPRIATE FOR SUCH A COUNTRY TO STRETCH EXTERNAL AID BY COST SHARING. ON THE OTHER HAND, COUNTRY IN THEIR POSITION BADLY NEEDS OBJECTIVE ADVICE, PARTICULARLY IN LESS EXCITING BUT ESSENTIAL ASPECTS OF DEVELOPMENT SUCH AS AGRICULTURE, WHICH UN IN ALMOST UNIQUELY ABLE TO GIVE. NEED FOR THIS ADVICE IS ALSO MAJOR, IF NOT ONLY, JUSTIFICATION UN AID TO COUNTRIES LIKE IRAN. EMBASSY ACCORDINGLY BELIEVES AND HAS TOLD RES REP THAT 80 PCT LIMIT ON GOI CONTRIBUTION TO ANY ONE PROJECT WILL AMOST CERTAINLY BE TOO HIGH FOR CERTAIN SENSITIVE PROJECTS IN WHICH IRANIAN COUNTERPARTS CAN BE EXPECTED RESIST ADVICE LHICH UN- PROVIDED EXPERTS WILL GIVE. HELMS

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